



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

August 26, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF JOINT EXERCISE OF POWERS AGREEMENT BETWEEN THE  
COUNTY OF LOS ANGELES AND THE CALIFORNIA FAIR SERVICES AUTHORITY  
AND APPROVAL OF AGREEMENT BETWEEN THE COUNTY OF LOS ANGELES  
AND THE LOS ANGELES COUNTY FAIR ASSOCIATION  
(FIRST DISTRICT - 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the Joint Exercise of Powers Agreement for the California Fair Services Authority (JPA) to become a member of the California Fair Services Authority (CFSA) in order to permit the Los Angeles County Fair Association (Association) to participate in CFSA's Workers' Compensation risk-pooling program (Program).
2. Adopt a Resolution authorizing the Chair to execute the JPA.
3. Approve and authorize the Chair to execute an Agreement with the Association requiring the Association to cover the costs of the County's membership in the CFSA and the Association's participation in the Program.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Association has requested that the County enter into the JPA so that it can participate in the Program and take advantage of the CFSA's reduced rates for Workers' Compensation coverage. Per Government Code section 6516, it is necessary for a county to become a member of the CFSA in order for its fair association to participate in certain CFSA insurance programs.

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The Association operates Fairplex, which sits on County-owned land, through a long-term lease with the County. At Fairplex, the Association conducts the annual County Fair (Fair) and holds numerous other interim events for the benefit of Los Angeles County residents and visitors. The Association currently contracts for Workers' Compensation coverage with the State Compensation Insurance Fund (SCIF). The premium for adequate coverage has been increasing steadily on an annual basis. The risk-pooling program offered by CFSA can provide the necessary coverage at a significantly reduced rate.

Approval of the recommended actions relating to the JPA will authorize the County's membership in CFSA and allow the Association to participate in the Program. Approval of the Agreement between the County and the Association will ensure that there is no liability or additional cost to the County for joining CFSA or for the Association's participation in the aforementioned Program.

#### **Implementation of Strategic Plan Goals**

The recommended action is in compliance with County Strategic Goal #4, "Fiscal Responsibility", to manage the resources we have effectively.

#### **FISCAL IMPACT/FINANCING**

There will be no direct fiscal impact as a result of the recommended action. The cost of the Workers' Compensation insurance is borne by the Association as an operating cost. The annual premium for the current policy with SCIF is \$1,095,716 and is on a month-to-month basis, cancelable on the 30th of each month. The initial estimated cost for annual coverage through CFSA is \$650,000. This represents a significant cost savings to the Association for this year's premium which can be redirected to other program/facility needs at Fairplex. Additionally, this will reduce the overall operating costs which could potentially result in an increased annual rental payment to the County. In order for the Association to take advantage of the reduced cost in time for this year's Fair, it will be necessary for the Resolution to be adopted by the Board and the Joint Exercise of Powers Agreement executed before August 30, 2003, so the Association can cancel its current coverage by August 30, 2003.

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The Auditor-Controller's (Auditor) office has reviewed the audited financial statements of CFSA for the past two years. Based on CFSA's reinsurance, ability to assess additional fees and to request State support, the Auditor's opinion is that it appears that CFSA has adequate resources to provide coverage to the Association. The Auditor recommends that if the Association participates in the Program, the County closely monitor CFSA's ongoing financial condition to ensure continued financial viability.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

CFSA, established in 1986, is a joint powers authority created by agreement between the California Department of Food and Agriculture, the California Exposition and State Fair and 13 California counties. The creation of CFSA is authorized by Government Code section 6516; however, only public entities are authorized to be members of the joint powers authority. As such, in order for the Fair Association to participate in the Program, the County's membership is required.

Pursuant to Government Code section 6516, any county contracting with a non-profit corporation to conduct a Fair pursuant to sections 25905 and 25906 of the Government Code may enter into a joint powers agreement for insurance and risk pooling arrangements. Attached is a Resolution authorizing the County to join CFSA on behalf of the Association and authorizing the Chair to execute the JPA.

The attached Agreement between the County and the Association will commence upon adoption by your Board of the Resolution authorizing the County's membership in CFSA. The Agreement provides that the Association shall pay for any premium, fine, charge, claim, dues, assessment or other cost related to County's membership in CFSA and/or the Association's participation in the Program. In compliance with the reserve requirement of Government Code section 6516 and to protect the County from potential financial risks due to the Association's participation in the Program, the Association shall provide the County with a Letter of Credit in an amount equal to the annual premium plus five percent of the annual premium which will be reviewed on an annual basis and adjusted accordingly. The initial Letter of Credit will be \$682,500.

The Agreement further delegates to the Chief Administrative Officer or his designee the authority to administer the Agreement, provide any required approvals and execute any

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and all documents related thereto. The County reserves the right to withdraw its membership from CFSA if legislation is approved in the future allowing a non-profit corporation to directly join CFSA. The Agreement includes the standard Board-directed clauses.

County Counsel has approved the Agreement as to form.

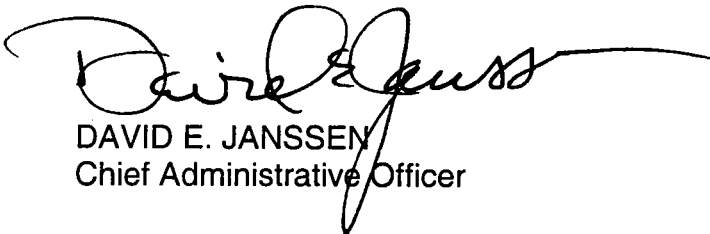
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The County's membership in CFSA will not impact current services. The Agreement with the Association will ensure that there will be no additional financial risk to the County for joining CFSA and the Association's participation in the Program.

#### **CONCLUSION**

Please return approved copies of the Resolution, Joint Exercise of Powers Agreement and Agreement with the Association to the Chief Administrative Office, Capital Projects/Debt Management Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:JSE  
CCF:mc

Attachments (3)

c: County Counsel  
Auditor-Controller  
Los Angeles County Fair Association

# JPA AGREEMENT

**JOINT EXERCISE OF POWERS AGREEMENT  
FOR THE CALIFORNIA FAIR SERVICES AUTHORITY  
DATED AUGUST 1, 1994**

This Agreement, dated for convenience as of August 1, 1994, by and between the State of California, Department of Food and Agriculture, the California Exposition and State Fair and those Counties listed on Exhibit A attached hereto and incorporated herein;

**W I T N E S S E T H :**

"WHEREAS, Articles 1 and 2 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code permit two or more public agencies by agreement to exercise joint powers common to the contracting parties;

"WHEREAS, California Government Code Section 6516 provides, in part, that public agencies conducting agricultural, livestock, industrial, cultural, or other types of fairs and exhibitions may enter into a joint powers agreement to form a pooling arrangement for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such public agencies;

"WHEREAS, California Government Code Section 6516.5 (First of two) provides that a joint powers agency established pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code may create risk pooling arrangements for the payment of general liability losses incurred by participants and exhibitors in fair sponsored programs and special events users of fair facilities;

"WHEREAS, Article 16, Section 6 of the California Constitution provides that risk pooling arrangements under a joint powers agreement shall not be considered the giving or lending of credit as prohibited therein;

"WHEREAS, California Government Code Sections 990.8 and 990.4 provide that the pooling of claims or losses through a joint powers agreement shall not be considered insurance nor subject to regulation under the California Insurance Code;

"WHEREAS, California Government Code Section 6516 provides in part that the State of California, Department of Food and Agriculture may enter into this Agreement for and on behalf of the California Exposition and State Fair, the District Agricultural Associations, and the Citrus Fruit Fairs;

"WHEREAS, California Government Code Section 6516 provides in part that a County contracting with a Nonprofit Corporation to conduct a fair pursuant to Government Code Sections 25905 and 25906 may enter into this Agreement on behalf of the fair conducted by the Nonprofit Corporation;

"WHEREAS, the Counties listed on Exhibit A, attached hereto and incorporated herein, are currently Member Entities of the Authority;

"WHEREAS, the State of California, Department of Food and Agriculture, is currently the Member Entity of the Authority on behalf of the District Agricultural Associations and Citrus Fruit Fairs listed on Exhibit B, attached hereto and incorporated herein;

"WHEREAS, the California Exposition and State Fair wishes to join the Authority directly as a Member Entity;

"WHEREAS, the parties desire to amend and restate the Third Amended and Restated Joint Exercise of Powers Agreement for the California Fair Services Authority, as amended; and

"WHEREAS, Section 27 of the Third Amended and Restated Joint Exercise of Powers Agreement provides that said agreement may be amended by the Board and said amendment shall be effective sixty (60) days after the date of adoption of the resolution amending said agreement unless rejected by a majority of the Member Entities."

NOW, THEREFORE, the parties hereto, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

## **SECTION 1. Definitions**

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

### **Agreement**

The term "Agreement" shall mean this Agreement as originally executed or as it may be amended or supplemented pursuant to the provisions hereof.

### **Authority**

The term "Authority" shall mean the California Fair Services Authority.

### **Board**

The term "Board" shall mean the governing Board of Directors of the Authority.

### **California Exposition and State Fair or Cal Expo**

The terms "California Exposition and State Fair" or "Cal Expo" shall mean the California Exposition and State Fair, a public agency organized and existing under the laws of the state of California, including the California Food and Agricultural Code, Section 3301, et. seq.

### **Citrus Fruit Fair; Citrus Fruit Fairs**

The terms "Citrus Fruit Fair" or "Citrus Fruit Fairs" shall mean any nonprofit corporation or nonprofit corporations organized and existing under the laws of the State of California for the purpose of and which engages in conducting and carrying on a citrus fruit fair as that term is defined in the California Food and Agricultural Code Section 4603.

### **Claim**

The term "Claim" shall mean a claim made against a Participating Entity arising out of a Loss which is covered by a Joint Protection Program of the Authority in which the Participating Entity participates.

### **County; Counties**

The terms "County" or "Counties" shall mean the county or counties organized and existing under the constitution and laws of the State of California or a county or counties in another state authorized to enter into a joint powers agreement by the laws of that other state or states.



### **Department**

The term "Department" shall mean the Department of Food and Agriculture of the State of California.

### **Director**

The term "Director" shall mean the Secretary of the Department.

### **District; Districts**

The terms "District" or "Districts" shall mean the district agricultural association or district agricultural associations which are state institutions organized and existing under the laws of the State of California, including the California Food and Agricultural Code, Section 3801 et. seq.

### **Executive Director**

The term "Executive Director" shall mean the administrative person in charge of the managerial functions of the Authority as set forth in Section 12 herein.

### **Joint Protection Program; Joint Protection Programs**

The terms "Joint Protection Program" and "Joint Protection Programs" shall mean a program or programs of the Authority to provide for the payment and administration of certain Losses through self-insurance pooling, risk-sharing and/or the purchase of insurance coverage; and for related administrative services including but not limited to risk management, consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

### **Loss; Losses**

The terms "Loss" or "Losses" shall mean a liability, potential liability, liabilities or potential liabilities of a Participating Entity, including litigation expenses, attorney's fees and other administrative costs.

### **Member Entity; Member Entities**

The terms "Member Entity" or "Member Entities" shall mean the Department and the following public agencies which (a)(i) are listed on Exhibit A attached hereto and incorporated herein, (ii) are listed on Exhibit B attached hereto and incorporated herein, or (iii) are admitted to the Authority pursuant to Section 19 hereof and (b) have not either withdrawn from Authority

pursuant to Section 20 hereof or been terminated pursuant to Section 21 hereof:

1. Any County;
2. The Department on behalf of any District;
3. The Department on behalf of any Citrus Fruit Fair;
4. The California Exposition and State Fair; and
5. Any other "public agency" (as defined in California Government Code Section 6500) or joint powers authority.

**Nonprofit Corporation; Nonprofit Corporations**

The terms "Nonprofit Corporation" or "Nonprofit Corporations" shall mean a nonprofit corporation or nonprofit corporations, organized and existing under the laws of the State of California with which any County contracts under the provisions of California Government Code Sections 25905 and 25906 and/or any successor provisions thereto.

**Participating Entity; Participating Entities**

The terms "Participating Entity" or "Participating Entities" shall mean any of the following:

1. Any District and any Citrus Fruit Fair on behalf of which the Department has joined the Authority, but only with respect to those programs in which the District or Citrus Fruit Fair participates.
2. Any Nonprofit Corporation on behalf of which a County has joined the Authority, but only with respect to those programs in which the Nonprofit Corporation participates.
3. Any County Member Entity which directly operates agricultural, livestock, industrial, cultural or other types of fairs or exhibitions, but only with respect to those programs in which such County Member Entity participates.
4. Cal Expo, but only with respect to those programs in which Cal Expo participates.
5. Any "public agency" (as defined in California Government Code Section 6500) or joint powers authority which has the power to conduct agricultural, livestock, industrial, cultural, or other types of fairs or exhibitions, but only with respect to those programs in which such public agency or joint powers authority participates.

6. Any entity which enters into a written agreement with the Authority for participation in any program of the Authority where such participation is authorized by law.

**Revenue Bond; Revenue Bonds**

The terms "Revenue Bond" or "Revenue Bonds" shall mean revenue bonds of the Authority authorized and issued pursuant to California Government Code Section 6500 et seq. including each and all series of revenue bonds, and shall also include, except where the context shall require otherwise, any other form of indebtedness of the Authority.

**Service Program; Service Programs**

The terms "Service Program" and "Services Programs" shall mean a program or programs of the Authority to provide services other than those services defined by the term "Joint Protection Program" to Participating Entities and to such other entities as the Board may deem appropriate.

**SECTION 2. Purpose**

This Agreement is made pursuant to the California Government Code to provide for the joint exercise of powers common to the Member Entities and for the exercise of all additional powers granted to the Authority by the laws of the State of California. Those powers which are common to the Member Entities shall be jointly exercised in the manner hereinafter set forth.

The primary purpose of the Authority is to develop, fund through assessment, implement and administer Joint Protection Programs and Service Programs.

**SECTION 3. Authority**

The Authority shall be known as the "California Fair Services Authority." The Authority was formerly named the "California Fairs Insurance Authority" and the "California Fairs Insurance and Services Authority." The Authority shall be a public entity separate from each of the parties hereto. The debts, liabilities and obligations of the Authority shall not constitute the debts, liabilities or obligations of the State of California, or any agency thereof, any District, any County, the California Exposition and State Fair, any Citrus Fruit Fair, any Nonprofit Corporation or any other Member Entity or Participating Entity.

#### **SECTION 4. Term**

This Agreement shall become effective on August 1, 1994, and shall continue in full force and effect until terminated in accordance with Section 23 hereof; or such time thereafter as any Revenue Bonds then outstanding and the interest thereon shall have been paid in full, or provision for such payment shall have been made.

#### **SECTION 5. Parties to Agreement**

Each Member Entity, as a party to this Agreement, certifies that it intends to and does contract with all other Member Entities as parties to this Agreement. Each Member Entity also certifies that the withdrawal of any party from this Agreement shall not affect this Agreement or such Member Entity's ability to contract with any other Member Entity or entity.

#### **SECTION 6. Powers of the Authority**

The Authority is authorized, in its own name, to do all acts necessary for the exercise of the powers common to the Member Entities and all additional powers set forth in the law of the State of California, including but not limited to, any or all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate any building, works or improvements; to acquire, hold or dispose of property; to incur debts, liabilities or obligations which do not constitute debts, liabilities or obligations of the parties hereto; to sue and be sued in its own name; to receive and use contributions and advances from Member Entities as provided in Section 6504 of the California Government Code, including contributions or advances of personnel, equipment, or property; to invest any money in its treasury that is not required for immediate necessities, pursuant to Section 6509.5 and Section 5922 of the California Government Code; and to carry out all provisions of this Agreement.

The Authority's exercise of the powers common to its Member Entities shall be subject to the restrictions upon the manner of exercising such powers as are imposed upon the County of Santa Clara in the exercise of similar powers, as provided in Section 6509 of the California Government Code, provided, however, that upon an affirmative vote of four-sevenths (4/7) of

the members of the Board, specific powers shall be exercised subject only to the restrictions upon the manner of exercising such specific powers as are imposed on the State of California or on any other Member Entity in the exercise of similar powers.

The Authority may adopt rules and guidelines in implementing its powers.

## **SECTION 7. Revenue Bonds**

The Authority shall have the power to issue Revenue Bonds.

## **SECTION 8. Termination of Powers**

The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement or until the parties hereto shall have mutually rescinded this Agreement, except that if (a) any Revenue Bonds are issued and delivered, then in no event shall the exercise of powers herein granted be terminated until all Revenue Bonds so issued and delivered and the interest thereon and premium, if any, shall have been paid or provision for such payment shall have been made; or (b) any obligation of the Authority is then outstanding for which payment in full has not been provided, then in no event shall the exercise of the powers herein granted be terminated until payment in full or provision for such payment in full shall have been made.

## **SECTION 9. Governing Board**

(a) **Composition of Board.** The Authority shall be governed by the Board, located in Sacramento, which shall be composed of seven (7) members, each serving in his or her individual capacity.

(1) Four (4) members of the Board shall be elected with reference to the Fair Classification System published by the Department and in effect at the time of election ("Fair Classification System Board members"). Two (2) Fair Classification System Board members shall be elected, in accordance with the procedure set forth in subsection (b) of this Section 9, from among the fair managers and members of the governing boards of entities which (a) are

found in Fair Classifications 1 and 2 and (b) are (i) Districts on behalf of which the Department is a Member Entity and which are participating in a Joint Protection Program ("District Participating Entities"), (ii) Counties directly operating fairs and which participate in a Joint Protection Program, or Nonprofit Corporations on behalf of which a County is a Member Entity and which are participating in a Joint Protection Program ("County Participating Entities"), or (iii) Citrus Fruit Fairs on behalf of which the Department is a Member Entity and which participate in a Joint Protection Program ("Citrus Participating Entities") (collectively "Electing Entities - Fair Classifications 1 and 2"). Two (2) Fair Classification System Board members shall be elected, in accordance with the procedure set forth in subsection (b) of this Section 9, from among the fair managers and members of the governing boards of the entities which (a) are found in Fair Classifications 3 through 7 and (b) are (i) District Participating Entities, (ii) County Participating Entities, (iii) Citrus Participating Entities, or (iv) the California Exposition and State Fair (collectively "Electing Entities - Fair Classifications 3 through 7").

Beginning with a term effective January 1, 1997, one (1) additional Fair Classification System Board member shall be elected, in accordance with the procedure set forth in subsection (b) of this Section 9, alternating terms from among the fair managers and members of the governing boards of Electing Entities - Fair Classifications 1 and 2 and from among the fair managers and members of the governing boards of Electing Entities - Fair Classifications 3 through 7 ("Alternating Fair Classification System Board Member").

Should the Electing Entity of any Fair Classification System Board member be reclassified into a different group of Electing Entities or should any Fair Classification System Board member relocate to an Electing Entity in a different group, the Executive Director shall immediately initiate the appropriate election procedure pursuant to Section 9(b) below to replace such Fair Classification System Board member. The outgoing Fair Classification System Board member shall serve until the election of his or her replacement, who shall serve the remainder of the existing term.

(2) One (1) member of the Board shall be appointed by the affirmative vote of three (3) of the Fair Classification System Board members, provided that at the time of said appointment the appointing Board members determine that the appointee is knowledgeable in

public entity risk sharing matters, finance matters, banking matters, or general business matters related to the conduct of the Authority ("the Public Board member"). The Public Board member shall not be selected from the pool of individuals eligible to serve as Fair Classification System Board members.

(3) Effective only to December 31, 1996, one (1) member of the Board shall be an at large member appointed by the affirmative vote of three (3) of the Fair Classification System Board members from among the fair managers and members of the governing boards of District Participating Entities, County Participating Entities, Citrus Participating Entities and Cal Expo ("the At-Large Board member").

(4) One (1) member of the Board shall be appointed by the Director. The Director's appointee shall be an individual with experience in or knowledge of the fair industry, the agricultural industry or a related industry or governmental agency.

(b) **Elections.** The election of Fair Classification System Board members shall be made as follows:

(1) **Initial Term Elections.** On or before June 15, 1992, the Executive Director shall send a notice of election (the "Notice") to the governing board and fair manager of each Electing Entity - Fair Classifications 1 and 2 and each Electing Entity - Fair Classifications 3 through 7. Within sixty (60) days following the date of the Notice, the governing board of each Electing Entity shall issue a resolution appointing a person (the "Elector") to participate in the Fair Classification System Board member election and to be eligible to serve as a Fair Classification System Board member.

Within sixty (60) days following the date of the Notice, the Chair of the Board shall form, and serve as Chair of, a "Nominating Committee". The Nominating Committee shall be composed of the Chair and an even number of not less than two (2) and no more than six (6) individuals from among the fair managers and members of the governing boards of Electing Entities. In selecting the individuals to serve on the Nominating Committee, the Chair shall select an equal number of such individuals from Electing Entities - Fair Classifications 1 and 2 and from Electing Entities - Fair Classifications 3 through 7.

Within ninety (90) days following the date of the Notice, the Nominating Committee shall communicate to the Executive Director: (1) the selection of at least two (2) individuals from among the fair managers and members of the governing boards of Electing Entities - Fair Classifications 1 and 2 as nominees for the two Board seats from that group and (2) the selection of at least two (2) individuals from among the fair managers and members of the governing boards of Electing Entities - Fair Classifications 3 through 7 as nominees for the two Board seats from that group ("the Nominees").

No later than ninety-five (95) days following the date of the Notice, the Executive Director shall send a list containing the names of the pertinent Nominees and write-in slots (the "Ballot") to all of the Electors from each group of Electing Entities. Within fourteen (14) days following the date of the Ballot, each Elector shall vote for not more than two individuals to be the Fair Classification System Board members elected by that group and mail the completed Ballot to the Executive Director. The two individuals in each group receiving the most votes on the Ballot shall become the Fair Classification System Board members for that group of Electing Entities.

In the event of a tie between two or more individuals in a group of Electing Entities where another individual in that group has received a higher number of votes, the individual receiving the higher number of votes shall become one of the Fair Classification System Board members for that group and the Executive Director shall send a second list (the "Second Ballot") containing only the names of those individuals who received the second highest number of votes.

Within fourteen (14) days following the date of the Second Ballot, each Elector shall vote for one individual on the Second Ballot to be the remaining Fair Classification System Board member elected by the group and mail the completed Second Ballot to the Executive Director. The individual receiving the most votes on the Second Ballot shall become the second Fair Classification System Board member for that group of Electing Entities. In the event of one or more additional ties, reballoting shall continue in accordance with the procedure outlined above, until the tie is broken.

In the event of a tie between more than two individuals receiving the highest number of votes, the Executive Director shall send a second list (the "Second Ballot") containing only the



names of those individuals who received the highest number of votes. Within fourteen (14) days following the date of the Second Ballot, each Elector shall vote for two (2) individuals on the Second Ballot and mail the completed Second Ballot to the Executive Director. The two (2) individuals receiving the most votes on the Second Ballot shall become the two (2) Fair Classification System Board members for that group of Electing Entities. In the event of one or more additional ties, reballoting shall continue in accordance with the procedure outlined above, until the tie is broken.

(2) **Mid-Term Vacancy Elections.** Where a Fair Classification System Board member is to be elected to fill a mid-term vacancy in office, within fourteen (14) days from notification of that vacancy, the Chair of the Board shall form, and serve as Chair of, a Nominating Committee. The Nominating Committee shall be composed of the Chair and not less than two (2) and no more than six (6) individuals from among the fair managers and members of the governing boards of Electing Entities. Within twenty-one (21) days of the notification of vacancy, the Nominating Committee shall select and communicate to the Executive Director the name of at least one (1) individual from among the fair managers and members of the governing boards of the pertinent group of Electing Entities as the nominee for the vacant seat ("the Nominee"). Upon receipt of the name of the Nominee, the Executive Director shall immediately send a list containing the name of the Nominee and write-in slots ("the Ballot") to the existing Electors from the pertinent group of Electing Entities. The member elected to the Board by that group of Electing Entities shall be the individual who receives the most votes on a Ballot pursuant to the procedure set forth in Section 9(b)(1) above.

(3) **Expired Term Elections.** Where a Fair Classification System Board member is to be elected to fill a vacancy in office caused by an expired term, the Executive Director and the Chair of the Board shall follow the election procedure outlined in Section 9(b)(1) above, except that the Nominating Committee shall select at least one (1) individual from the pertinent pool of qualified candidates as the Nominee for the open seat. The Executive Director shall initiate said election procedure by mailing the notice of election at least one hundred and eighty (180) days prior to expiration of the term in question.

(c) **Terms.** The terms of the four (4) Fair Classification System board members initially elected pursuant to Section 9(b)(1) above, shall become effective January 1, 1993. One (1) of the two (2) Fair Classification System Board members initially elected from Electing Entities - Fair Classifications 1 and 2 shall serve for a term of two (2) years and the remaining such member shall serve for a term of four (4) years, as determined by the drawing of lots upon the seating of such members. One (1) of the two (2) Fair Classification System Board members initially elected from Electing Entities - Fair Classifications 3 through 7 shall serve for a term of two (2) years and the remaining such member shall serve for a term of four (4) years, as determined by the drawing of lots upon the seating of such members.

The term of each Fair Classification System Board member following those initially elected, including the Alternating Fair Classification System Board member, shall be for a term of four (4) years and such term shall formally commence upon the expiration of the term of the preceding office holder. The five (5) Fair Classification System Board members shall serve at the pleasure of the group of Electing Entities from which each such member was elected.

The terms of the Public Board member and the At Large Board member initially appointed shall become effective May 1, 1993. The one (1) Public Board member initially appointed shall serve for a term of four (4) years. The term of each Public Board member following the Public Board member initially appointed shall be for a term of four (4) years and such term shall formally commence upon the expiration of the term of the preceding office holder. The one (1) Public Board member shall serve at the pleasure of the majority of the Fair Classification System Board members. The initially appointed At Large Board member shall serve for a term effective from May 1, 1993 to December 31, 1996 and shall serve at the pleasure of the majority of the Fair Classification System Board members.

The one (1) Board member initially appointed by the Director shall serve for a term of four (4) years. The term of the Board member initially appointed by the Director shall become effective January 1, 1993. The term of each Board member appointed by the Director following the initial appointment shall be for a term of four (4) years and such term shall formally commence upon the expiration of the term of the preceding office holder. The one (1) Board member appointed by the Director shall serve at the pleasure of the Director.

(d) Alternates. Each Board Member shall appoint an alternative member of the Board to serve in his or her temporary absence and to serve only so long as the appointing Board member serves. Each alternative Board member must hold the same qualifications as his or her appointing Board member and shall serve at the pleasure of the appointing Board member.

## SECTION 10. Meetings of the Board

(a) Regular Meetings. The Board shall hold at least one regular meeting each year and, by resolution, may provide for the holding of regular meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board. The bylaws referred to in Section 11 may provide for the conduct of regular meetings.

(b) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the California Government Code or any other applicable law. The bylaws referred to in Section 11 may provide for the conduct of special meetings.

(c) Legal Notice. All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 54950 et seq.)) or any other applicable law.

(d) Minutes. The Secretary of the Authority shall cause minutes of the open session portion of all Board meetings to be kept and shall, as soon as possible after each meeting, cause a copy of such minutes to be forwarded to each member of the Board.

(e) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. Each member of the Board shall have one vote. Except as otherwise provided by this Agreement no action may be taken by the Board except upon affirmative vote of a majority of the members of the Board.

(f) Member Entities. Member Entities shall receive notice of all regular meetings of the Board ten days in advance of such meeting. Member Entities and Participating Entities shall be given the opportunity to address the Board at each meeting and to comment on any matter before the Board at any meeting.

## **SECTION 11. Powers of the Board**

The governing Board shall have the following powers and functions:

(a) The Board shall exercise all powers and conduct all business of the Authority, either directly or by delegation of authority to other bodies or persons unless otherwise prohibited elsewhere in the Agreement or by applicable law.

(b) The Board shall have the power to adopt such bylaws as it deems necessary or desirable for the conduct of the business of the Authority.

(c) The Board shall form such committees as it deems appropriate in conducting the business of the Authority. The membership of any such committee may consist in whole or in part of non-Board members. Members of the committees shall be appointed by the Board to serve such terms as the Board may designate. Each committee shall have those duties as determined by the Board. Each committee shall meet on the call of its chair, and shall report to the Board.

(d) The Board shall elect its officers and shall appoint staff members designated herein in Section 12, and shall provide for the appointment of such other staff as may be necessary for the administration of the Authority pursuant to that Section.

(e) The Board shall provide for necessary services to the Authority, Member Entities and Participating Entities, by contract or otherwise, and shall have the authority to contract with the Department or any other state, local or other entity as permitted by law and to execute memoranda of understanding with the Department or any other state, local, or other entity to carry out the provisions of the Agreement.

(f) The Board shall have the power to develop, or cause to be developed, and adopt Joint Protection Programs including all provisions for reinsurance and administrative services necessary to carry out such Joint Protection Programs.

(g) The Board shall have the power to develop, or cause to be developed, and adopt Service Programs, including all provisions for administrative services necessary to carry out such Service Programs.

(h) The Board shall have the power to assess fees and penalties against its Member Entities and Participating Entities and suspend provision of Joint Protection Programs or Service

Programs to Member Entities and Participating Entities for reasons found appropriate by the Board.

(i) The Board shall have the power to authorize services to the Authority, Member Entities, Participating Entities, and other entities as permitted by law, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting and legal defense services.

(j) The Board shall have the power to act upon each Claim either directly or by delegation of authority; provided, that the Board shall establish monetary limits upon any delegation of Claims settlement authority, beyond which a proposed settlement must be referred to the Board for approval.

(k) The Board may audit, report upon, and make recommendations with regard to the safety or claims administration functions of any Member Entity or Participating Entity, insofar as the Board determines that those functions are affecting, or could affect, the liability or potential liability of the Authority and/or any Member Entity or Participating Entity. The Board shall forward recommendations to the affected Member Entity or Participating Entity who shall adopt all such recommendations.

(l) The Board shall receive, review and act upon reports from its committees as established by the Board and the Executive Director.

(m) The Board shall receive, review and act upon periodic reports and audits of the funds of the Authority as required by this Agreement.

(n) The Board shall have such other powers and functions as are provided in this Agreement, in the bylaws adopted by the Authority, and in applicable California law to accomplish the purposes of the Authority.

## **SECTION 12. Officers; Duties; Bonds**

(a) The Board shall elect a Chair of the Authority and a Vice-Chair of the Authority from among its members. Said officers shall each serve a one-year term unless the Board specifies otherwise, but shall serve until the election of a successor.

(b) The Board shall appoint one of the Authority's employees as the Executive Director of the Authority. The Executive Director shall administer the business and activities

of the Authority subject to the general supervision and policy direction of the Board and shall serve at the pleasure of the Board.

(c) The Board shall appoint a Secretary of the Authority. The Secretary may be a Board member or an employee of the Authority. The Secretary shall serve at the pleasure of the Board in his or her capacity as Secretary.

(d) The Board shall appoint one of the Authority's employees as Treasurer of the Authority, who shall serve at the pleasure of the Board in his or her capacity as Treasurer. Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depositary of the Authority to have custody of all the money of the Authority, from whatever source. Except as otherwise specified by the Board or its designee, the Treasurer shall have the powers, duties and responsibilities of the treasurer specified in California Government Code Section 6505.5.

(e) The Board shall appoint one of the Authority's employees as Controller of the Authority, who shall serve at the pleasure of the Board in his or her capacity as Controller. Except as otherwise specified by the Board or its designee, the Controller shall have the powers, duties and responsibilities of the auditor or controller specified in California Government Code Section 6505; provided, however, that the Controller shall cause an independent audit to be made by a certified public accountant or public accountant, in compliance with and to the extent required by California Government Code Section 6505 and Section 16 hereof.

(f) The Treasurer, the Controller and Executive Director of the Authority are designated as public officers or persons who have charge of, handle, or have access to any property of the Authority, and each such officer shall file an official bond with the Secretary of the Authority in the amount of \$50,000. If and to the extent permitted by California law, any such officer may satisfy this requirement by filing an official bond obtained in connection with another public office.

(g) The Board shall have the power to appoint such other officers and employees as it may deem appropriate and necessary, including a person to act in place of the Executive Director, and to retain independent counsel, consultants and accountants. The Board may, by resolution, delegate any portion of the powers listed in this subsection (g) to the Executive Director.

### **SECTION 13. Liability Limitation of Member Entities**

To the extent allowed by applicable law, the Member Entities' and Participating Entities' liability for Claims shall be limited to the limits of the Joint Protection Programs offered by the Authority pursuant to this Agreement.

### **SECTION 14. Fiscal Year**

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from January of each year to and including the following December.

### **SECTION 15. Contributions and Advances**

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the parties hereto for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contributions. Any such advance may be made subject to repayment, and in such case, shall be repaid in the manner agreed upon by the party making such advance and the Authority at the time of making such advance.

### **SECTION 16. Accounts and Records**

The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by the Board. Except as otherwise specified by the Board, the Authority shall give an independent audited written report of all financial activities for each fiscal year to the Member Entities within 6 months after the close of each fiscal year commencing with the fiscal year ending December 31, 1989.

The minimum requirements of the independent audit required pursuant to Section 12(e) hereof shall be those prescribed by the State Controller for special districts under California Government Code Section 26909 and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with the parties hereto.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this section, shall be borne by the Authority and shall be a charge against unencumbered funds of the Authority available for the purpose.

Notwithstanding the foregoing, the Authority need not make an annual audit if its financial statements are audited by the State Controller to satisfy federal audit requirements.

The Authority shall maintain during the term of this Agreement appropriate books, records, accounts and files relating to the revenues, expenses, maintenance and operation of each Joint Protection Program and each Service Program, all of which shall be open to inspection at all reasonable times by the Member Entities, and by their respective representatives.

This Agreement shall be subject to examination and audit by the State Auditor pursuant to Government Code Section 8546.7.

#### **SECTION 17. Responsibilities for Funds and Property**

(a) The Treasurer of the Authority shall have the custody of and disburse the Authority's funds. The Treasurer may delegate disbursing authority to such person or persons as may be authorized by the Board to perform that function, subject to the requirements of (b) below.

(b) Pursuant to California Government Code Section 6505.5, the Treasurer of the Authority shall:

(1) Receive and acknowledge receipt for all funds of the Authority and place them in the treasury of the Treasurer for the credit of the Authority.

(2) Be responsible upon his or her official bond for the safekeeping and disbursement of all Authority funds so held by him or her.

(3) Pay any sums due from the Authority, as approved for payment by the Board or by any body or person to whom the Board has delegated approval authority, making such payments from Authority funds upon checks drawn by the Controller, under one or more signatures as specified by the Board.



(4) Verify and report in writing to the Authority and to Member Entities, as of the first day of each quarter of the fiscal year, the amount of money then held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

(c) The Treasurer of the Authority shall have any additional responsibilities as may be determined by a resolution of the Board.

(d) Pursuant to California Government Code Section 6505.1, the Executive Director, the Treasurer, and such other persons as the Board may designate, shall have charge of, handle, and have access to the property of the Authority.

(e) The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board, covering all officers and staff of the Authority who are authorized to hold or disburse funds of the Authority, and all officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

## **SECTION 18. Limitations**

The debts, liabilities and obligations of the Authority shall not constitute the debts, liabilities or obligations of the State of California, or any agency thereof, any District, any County, the California Exposition and State Fair, any Citrus Fruit Fair, any Nonprofit Corporation or any other Member Entity or Participating Entity.

## **SECTION 19. New Members**

Any County may become a Member Entity upon Board approval and adoption of the Resolution for Joining the California Fair Services Authority, Exhibit C, attached hereto and incorporated herein. Upon Board Approval, the Department may become a Member Entity on behalf of a District not listed on Exhibit B, or a Citrus Fruit Fair not listed on Exhibit B. Any other "public agency" (as defined in California Government Code Section 6500) or joint powers authority may become a Member Entity upon Board approval and adoption by the governing body of said public agency of a resolution substantially in the form of Exhibit C.

## **SECTION 20. Withdrawal From Authority**

(a) Any Member Entity may withdraw from the Authority upon giving written notice to all other Member Entities and the Authority at least thirty (30) days in advance except as provided in subsection (b) of this Section 20. As a condition precedent to withdrawal from the Authority, any Member Entity serving such notice shall pay its share of all financial obligations of the Authority through June 30 of the year of withdrawal; provided, however, such withdrawal shall not relieve such Member Entity of its continuing responsibility under any contract or financial obligation of the Authority in which said Member is a participant, which extends beyond the effective date of withdrawal to the extent permitted by the California Constitution.

(b) A Participating Entity may withdraw from the Authority only after the fifth year anniversary of the last date it entered a Joint Protection Program, and then only if it gives the Authority at least sixty (60) days prior advance notice of such withdrawal. This five year period is retroactive to the date a Participating Entity joined a Joint Protection Program under the first Joint Exercise of Powers Agreement Creating the California Fairs Insurance Authority.

## **SECTION 21. Termination**

(a) Notwithstanding the provisions of Section 20, the Board may take the following termination actions, for good cause:

(1) Terminate any Member Entity's membership in the Authority. Such termination shall have the effect of terminating the Member Entity's participation in all Joint Protection Programs and Service Programs of the Authority as of the date of the termination.

(2) Terminate any Participating Entity's participation in the Authority. Such termination shall have the effect of terminating the Participating Entity's participation in all Joint Power Programs and Service Programs of the Authority as of the date of termination.

(3) Terminate any Participating Entity's participation in one or more Joint Protection Programs, without terminating the Participating Entity's membership in the Authority or participation in other Joint Protection or Service Programs of the Authority.

(4) Terminate any Participating Entity's participation in one or more Service Programs, without terminating the Participating Entity's membership in the Authority or

participation in other Service or Joint Protection Programs of the Authority.

The Board shall give sixty (60) days' advance written notice of the effective date of any termination made pursuant to (a)(1)-(4) above. Upon the effective date of such termination, the Member Entity or Participating Entity shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the program or programs, as the case may be.

(b) A Member Entity that does not participate in one or more of the Joint Protection Programs or Service Programs developed and implemented by the Authority within the Member Entity's first year as a member of the Authority, shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in the Authority shall be automatically terminated as of that time, without action of the Board.

(c) A Member Entity which withdraws from all Joint Protection Programs and Service Programs in which it was a participant and which does not enter any other program for a period of six (6) months thereafter shall be considered to have withdrawn from the Authority at the end of such six month period, and its membership in the Authority shall be automatically terminated as of that time, without action of the Board.

## **SECTION 22. Effect of Withdrawal or Termination**

(a) If a Member Entity's and/or a Participating Entity's participation in a Joint Protection Program of the Authority is terminated under Section 21, and such termination is effective before the end of the calendar year for that Joint Protection Program, the Authority shall promptly determine and return to the Member Entity or Participating Entity the amount, if any, of any unearned fee payment received from the Member Entity or Participating Entity for the calendar year, such amount to be computed on a pro rata basis from the effective date of termination.

(b) Except as provided in (a) above, a Member Entity or Participating Entity which withdraws or is terminated from membership in the Authority, or from any program of the Authority, shall not be entitled to the return of any fee or other payment to the Authority, or of any property contributed to the Authority and shall not be entitled to the return or receipt of any interest in the Authority. However, in the event of termination of this Agreement, such Member Entity may share in the distribution of assets of the Authority to the extent provided in Section 23.

(c) Notwithstanding withdrawal from or termination of participation in any Joint Protection Program, a Member Entity or Participating Entity shall pay any fees which the Board determines are due from the Member Entity or Participating Entity for losses and costs during the period in which the Member Entity or Participating Entity was a participant in such program. Such charges may include any deficiency in fees previously assessed by the Board and paid by the Member Entity or Participating Entities; and any additional fee which the Board determines to be due from the Member Entity or Participating Entity upon final disposition of all Claims arising from Losses under the program during the Member Entity's or Participating Entity's period of participation. Any such fees shall be payable by the Member Entity or Participating Entity within thirty (30) days of billing by the Authority. Disposition of all Claims arising after a Member Entity's or Participating Entity's period of participation shall be settled on an occurrence basis.

### **SECTION 23. Termination and Distribution of Assets**

(a) This Agreement may be terminated at any time upon the election to terminate of three-fourths of the Member Entities, provided, however, that this Agreement and the Authority shall continue to exist after such election for the purpose of disposing of all Claims, distributing all assets and performing all other functions necessary to conclude the affairs of the Authority.

If any Revenue Bonds are issued and delivered, then in no event shall the exercise of power herein granted be terminated until all Revenue Bonds so issued and delivered and the interest thereon and premium, if any, shall have been paid or provision for such payment shall have been made.

(b) Upon termination of this Agreement, all assets of the Authority remaining in each Joint Protection Program after all Claims have been disposed of and Authority administrative expenses have been paid shall be distributed among those Member Entities or Participating Entities which participated in that program in proportion to their cash contributions, including fees paid and property contributed (at book value at dissolution, if a condition of the contribution) if such contribution was in lieu of cash or fees. The Board shall make such determination within six (6) months after disposal of the last pending Claim or other liability covered by that program.

(c) Following termination of this Agreement, any Member Entity or Participating Entity which was a participant in a Joint Protection Program of the Authority shall pay any additional fee, determined by the Board in accordance with a loss allocation formula, which may be necessary to enable the Authority to make final disposition of all Claims arising from losses under that program during the Member Entity's or Participating Entity's period of participation.

## **SECTION 24. Liability of Board, Officer and Committee Members**

The members of the Board, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their power and in the performance of their duties pursuant to this Agreement. They shall not be liable to the Member Entities or Participating Entities for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest.

To the extent authorized by California law, no member of the Board, officer, or employee shall be responsible for any action taken or omitted by any other member of the Board, officer, employee. No member of the Board, officer or employee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement, except as provided in Section 12 and Section 17.

The funds of the Authority shall be used to defend, indemnify and hold harmless the Authority and any member of the Board, officer, or employee for their actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide such coverage as is hereinabove set forth.

## **SECTION 25. Severability**

Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby. Should any Member Entity be determined by the courts to be ineligible

for membership in the Authority or should any Participating Entity or other entity be determined by the courts to be ineligible for participation in the programs of the Authority, the validity of this Agreement and any part, term or provision hereof shall not be affected thereby.

## **SECTION 26. Successors; Assignment**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no party may assign any right or obligation hereunder without the consent of the other parties.

## **SECTION 27. Amendment of Agreement**

This Agreement may be amended by the Board. Such amendment shall be effective sixty (60) days after the date of adoption by the Board of the resolution amending this Agreement unless rejected by a majority of the Member Entities.

Upon Board adoption of a resolution amending this Agreement, each Member Entity's governing board shall:

(a) Approve the amendment within sixty (60) days of the Board adoption of the resolution amending this Agreement; inaction by Member Entity during the sixty (60) day period shall be deemed approval;

(b) Disapprove the amendment within sixty (60) days of the Board adoption of the resolution amending this Agreement; or

(c) Disapprove the amendment within sixty (60) days of the Board adoption of the resolution amending this Agreement and elect to withdraw from the Authority. Such withdrawal shall be effective upon the effective date of the amendment. Nothing in this subsection (c) affects the provisions set forth in Sections 20 and 21 above.

## **SECTION 28. Notices**

The Authority shall address notices, billings and other communications to a Member Entity or Participating Entity, as directed by such entity. Member Entities and Participating Entities shall address notices and other communications to the Authority to the Executive Director of the Authority, at the office address of the Authority.

## **SECTION 29. Agreement Complete**

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

## **SECTION 30. Filing with the Secretary of State**

The Executive Director of the Authority shall file a notice of this Agreement with the Office of the California Secretary of State within thirty (30) days of its effective date, as required by Section 6503.5 of the Government Code.

## **SECTION 31. Form of Approvals**

Whenever an approval is required in this Agreement, unless the context specifies otherwise, it shall be given by resolution duly and regularly adopted by the governing body of each of the parties hereto, as the case may be, and, in the case of the Authority, by resolution duly and regularly adopted by the Board. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

## **SECTION 32. Section Headings**

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

## **SECTION 33. Counterparts**

The parties may execute this Agreement in counterparts, which shall, in the aggregate, be signed by all the parties. Each counterpart shall be deemed an original as against any party who has signed it.

## **SECTION 34. Choice of Law**

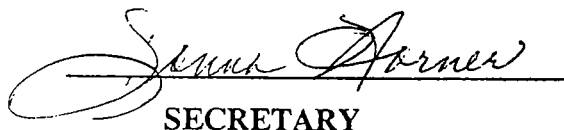
This Agreement shall be construed and interpreted in accordance with, and the validity of this Agreement shall be adjudged by, the laws of the State of California. The place of this

Agreement and its situs or forum is at all times in the County of Sacramento, State of California, in which county all matters relating to the validity, construction, interpretation and enforcement of this Agreement shall be determined. Each of the parties to this Agreement hereby consents to the jurisdiction of the Superior Court of the State of California in and for the County of Sacramento.

IN WITNESS WHEREOF, this Joint Exercise of Powers Agreement for the California Fair Services Authority Dated August 1, 1994 was approved by the California Fair Services Authority Board of Directors on June 1, 1994 by **Resolution Number 94-14**.

I hereby certify that on **June 9, 1994**, I mailed a copy of this Agreement to all Member Entities and by August 1, 1994, this Agreement had not been rejected by a majority of the Member Entities.

ATTEST:

  
SECRETARY



**JOINT EXERCISE OF POWERS AGREEMENT  
FOR THE CALIFORNIA FAIR SERVICES AUTHORITY  
DATED AUGUST 1, 1994**

IN WITNESS WHEREOF, the County of Los Angeles by order of its Board of Supervisors, has caused this Agreement to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof, to be effective the day of approval and execution by said Board and Chair.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair, Board of Supervisors

ATTEST:

VIOLA VARONA-LUKENS  
Executive Officer-Clerk of the  
Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By: Frederic G. Smith  
Deputy

## EXHIBIT A

Butte County  
Humboldt County  
Lassen County  
Madera County  
Mendocino County  
Monterey County  
Placer County  
Plumas County  
San Benito County  
San Joaquin County  
San Mateo County  
Santa Clara County  
Trinity County

## EXHIBIT B

District Agricultural Associations (DAA) and Citrus Fruit Fairs (CFF)  
(The Department of Food and Agriculture is the Member Entity on behalf of the District  
Agricultural Associations and Citrus Fruit Fairs.)

1st DAA	21st DAA	37th DAA
1-A DAA	21-A DAA	38th DAA
2nd DAA	22nd DAA	39th DAA
3rd DAA	23rd DAA	40th DAA
4th DAA	24th DAA	41st DAA
5th DAA	24-A DAA	42nd DAA
7th DAA	25th DAA	44th DAA
9th DAA	26th DAA	45th DAA
10th DAA	27th DAA	46th DAA
10-A DAA	28th DAA	48th DAA
12th DAA	29th DAA	49th DAA
13th DAA	30th DAA	50th DAA
14th DAA	31st DAA	51st DAA
15th DAA	32nd DAA	52nd DAA
16th DAA	33rd DAA	53rd DAA
17th DAA	34th DAA	54th DAA
18th DAA	35th DAA	<u>Cloverdale CFF</u>
19th DAA	35-A DAA	<u>National Orange Show CFF</u>
20th DAA	36th DAA	

EXHIBIT C

RESOLUTION FOR JOINING THE  
CALIFORNIA FAIR SERVICES AUTHORITY

BE IT RESOLVED that \_\_\_\_\_ is authorized and directed to sign the Joint Exercise of Powers Agreement for the California Fair Services Authority dated August 1, 1994, as amended, effective \_\_\_\_\_, 19\_\_\_\_ in order that \_\_\_\_\_ will become a party to and a member of the California Fair Services Authority.

BE IT FURTHER RESOLVED that \_\_\_\_\_ agrees to be bound by and adhere to all of the terms, conditions, rules and policies of the California Fair Services Authority.

BE IT FURTHER RESOLVED that the California Fair Services Authority is authorized to settle and dispose of all claims or liabilities brought against \_\_\_\_\_ to the extent California Fair Services Authority provides Joint Protection Programs to \_\_\_\_\_ and to the extent such action is consistent with the terms and conditions of the Joint Protection Programs offered by the California Fair Services Authority.

\_\_\_\_\_  
[Agency Name]

BY: \_\_\_\_\_

[SEAL]

Attest:

\_\_\_\_\_  
8/1/94  
C:\JPA\AGR.94

**RESOLUTION OF THE LOS ANGELES COUNTY BOARD OF SUPERVISORS  
FOR JOINING THE CALIFORNIA FAIR SERVICES AUTHORITY**

WHEREAS, within the past year, the Los Angeles County Fair Association ("Fair Association") has experienced a significant increase in its workers compensation insurance premiums which has created a financial impact on Fair Association operations, including operation of the Los Angeles County Fair and interim events at the Fairplex; and

WHEREAS, in order to alleviate the continuing financial burden of increased workers' compensation insurance costs, the Fair Association desires to participate in the workers' compensation risk-pooling program administered by the California Fair Services Authority ("CFSA"); and

WHEREAS, CFSA is a joint powers authority created by agreement between the California Department of Food and Agriculture, the California Exposition and State Fair, and thirteen (13) California counties pursuant to Government Code section 6516; and

WHEREAS, it is believed that participation in the CFSA workers' compensation program (the "Program") will significantly reduce the Fair Association's insurance costs; and

WHEREAS, only public entities are authorized to be members of the joint powers authority, and therefore, in order for the Fair Association to participate in the Program, the County of Los Angeles would have to become a member of the CFSA; and

WHEREAS, the County of Los Angeles is amenable to joining the CFSA as a member in order to permit the Fair Association to participate in the Program; and

WHEREAS, in order for the County of Los Angeles to join the CFSA, the joint powers agreement requires the adoption of a resolution by its governing body and execution of the joint powers agreement by a duly authorized officer of the County.

NOW, THEREFORE, BE IT RESOLVED that the Chair of the Board of Supervisors is authorized and directed to sign the Joint Powers Agreement for the California Fair Services Authority dated August 1, 1994, as amended, effective August 31, 2003, in order that the County of Los Angeles will become a party to and a member of the California Fair Services Authority.

BE IT FURTHER RESOLVED that the County of Los Angeles agrees to be bound by and adhere to all of the terms, conditions, rules and policies of the California Fair Services Authority.

BE IT FURTHER RESOLVED that the California Fair Services Authority is authorized to settle and dispose of all claims or liabilities brought against the Los Angeles County Fair Association to the extent that the California Fair Services Authority provides

Joint Protection Programs to the Los Angeles County Fair Association and to the extent such action is consistent with the terms and conditions of the Joint Protection Programs offered by the California Fair Services Authority.

The foregoing Resolution was adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2003, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other assessment and taxing districts, agencies and authorities for which said Board so acts.

Violet Varona-Lukens, Executive Officer-  
Clerk of the Board of Supervisors of the  
County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By: \_\_\_\_\_

Deputy

**AGREEMENT BETWEEN THE LOS ANGELES COUNTY FAIR ASSOCIATION AND  
THE COUNTY OF LOS ANGELES RELATING TO MEMBERSHIP IN THE  
CALIFORNIA FAIR SERVICES AUTHORITY**

THIS AGREEMENT (the "Agreement") is made and entered into as of August 31, 2003 by and between the COUNTY OF LOS ANGELES (the "County") and the LOS ANGELES COUNTY FAIR ASSOCIATION, a California non-profit mutual benefit corporation (the "Fair Association"), with respect to the following:

**RECITALS**

A. The County, as fee owner and landlord, and the Fair Association, as tenant, are parties to that certain Ground Lease and Operating Agreement dated January 20, 1988 (the "Ground Lease"). Pursuant to the Ground Lease, the Fair Association leases that certain real property located in the City of Pomona, County of Los Angeles, State of California, and more particularly described on Exhibit A attached hereto (the "Property").

B. Pursuant to the Ground Lease, the Fair Association conducts an annual county fair (the "Fair"), at which Fair livestock, poultry, fruits, vegetables, manufactured products, household products, and culinary products, grown, produced, manufactured or located in the State of California and more particularly in the County of Los Angeles are exhibited; farmers, ranchers, stock raisers and manufacturers are offered the opportunity to display and exhibit products of the County and the State; and prizes for products, within various established classifications are offered; which Fair and exhibitions are widely advertised and are attended by hundreds of thousands of residents of, and visitors to, the County, and have the effect of raising the standards of various products grown, produced and manufactured in the County and State. The facilities at the Property are also used throughout the year for various cultural, civic, sporting, educational, business and trade events for the enjoyment and benefit of the residents of, and visitors to, the County ("Interim Events").

C. Within the past year, the Fair Association has experienced a significant increase in its workers compensation insurance premiums which has created a financial impact on Fair Association operations, including operation of the Fair and Interim Events.

D. In order to alleviate the continuing financial burden of increased workers' compensation insurance costs, the Fair Association desires to participate in the workers' compensation risk-pooling program administered by the California Fair Services Authority ("CFSA"). CFSA is a joint powers authority created by agreement between the California Department of Food and Agriculture, the California Exposition and State Fair, and thirteen (13) California counties. It is believed that participation in

the CFSA workers' compensation program (the "Program") will significantly reduce the Fair Association's insurance costs.

E. The creation of CFSA is authorized by Government Code section 6516; however, only public entities are authorized to be members of the joint powers authority. As such, in order for the Fair Association to participate in the Program, the County would have to become a member of the CFSA.

F. The County is amenable to joining the CFSA as a member in order to permit the Fair Association to participate in the Program if the County is protected from potential financial risks associated with the Fair Association's participation in the Program, and if its membership in CFSA is at no cost to the County.

G. Based on the above, the parties hereto enter into this Agreement in order to protect the County from potential financial risks associated with the Fair Association's participation in the Program and to ensure that the Fair Association assumes responsibility for all costs associated with the County's membership in the CFSA.

### AGREEMENT

IN CONSIDERATION OF the foregoing recitals and the mutual covenants set forth below, the County and the Fair Association agree as follows:

1. Effective Date. The provisions of this Agreement shall be effective from the date upon which the Board of Supervisors adopts a resolution authorizing the County's membership in the CFSA, and, except as provided in paragraph 10 of this Agreement, shall survive any termination or suspension of the County's membership in the CFSA. Nothing herein, however, shall require the County to join the CFSA or require the Fair Association to comply with the provisions hereof if the County does not become a member of the CFSA.

2. Compliance with Agreements. The Fair Association shall comply with all of the terms and conditions of the CFSA joint powers agreement, and any amendments thereto, and any Program requirements and any other conditions imposed by CFSA on either the membership of the County or the participation of the Fair Association in the Program.

3. Cost of Membership and Participation. The Fair Association shall pay any premium, fine, fee, charge, claim, dues, assessment or other cost related to or arising from the County's membership in the CFSA and/or the Fair Association's participation in the Program. The County shall forward any notice received of any premium, fine, fee, charge, claim, dues, assessment or other cost related to or arising from the County's membership in the CFSA and/or the Fair Association's participation in the Program to the Fair Association for payment of same, and Fair Association shall



promptly make payment. Failure of the County to forward any such notice, however, shall not relieve the Fair Association of its obligations under this Agreement to pay any premium, fine, fee, charge, claim, dues, assessment or other cost related to or arising from the County's membership in the CFSA and/or the Fair Association's participation in the Program.

4. County Costs. The Fair Association shall reimburse the County for all costs associated with the County's membership in the CFSA. The County shall provide the Fair Association with an invoice for such costs, briefly describing the nature of each cost item. County costs shall be allocated based upon standard County billing rates and practices. The Fair Association shall reimburse the County for costs within thirty (30) days of receipt of an invoice for same.

5. Letter of Credit. In order to comply with the reserve requirement of Government Code section 6516 and to protect the County from potential financial risks associated with the Fair Association's participation in the Program, the Fair Association, on an annual basis, shall provide the County with a Letter of Credit, in a form satisfactory to the County, in an amount equal to the Fair Association's annual premium for the Program, plus five percent of the annual premium. The Fair Association shall deliver the Letter of Credit to the County prior to commencement of coverage under the Program. The Fair Association shall maintain the Letter of Credit in the prescribed amount for the duration of the County's membership in the CFSA, and thereafter until all remaining financial claims or obligations have been extinguished or otherwise satisfied by the Fair Association as provided in paragraph 10 of this Agreement.

6. Draw on Letter of Credit. The County shall be entitled to draw on the Letter of Credit for the purpose of paying any premium, fine, fee, charge, claim, dues, assessment or other cost related to or arising from the County's membership in the CFSA and/or the Fair Association's participation in the Program, that has not been paid by the Fair Association in accordance with the terms and conditions of the CFSA joint powers agreement or any Program requirements, after providing the Fair Association with ten (10) days' written notice. The County shall not be entitled to draw on the Letter of Credit if the Fair Association pays the premium, fine, fee, charge, claim, dues, assessment, or other cost within the 10 day notice period.

7. County Programs of Insurance. The parties expressly agree and acknowledge that all County insurance and self-insurance programs, including the County's workers' compensation program, are separate and independent of the CFSA and any programs thereof, including the Program, and any Fair Association insurance programs, and are not contributing in any way nor are they excess to any CFSA programs or Fair Association insurance programs.

8. Compliance with Law. Fair Association agrees to comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, or codes

applicable to the CFSA and the Fair Association's participation in the Program, including, without limitation, the California Labor Code.

9. Indemnity. The Fair Association shall indemnify, defend and hold harmless the County and its Special Districts, elected and appointed officers, employees and agents from and against any and all liability, including but not limited to demands, claims, actions, premiums, fines, fees, charges, claims, dues, assessments, costs, and expenses (including attorney and expert witness fees), arising from or connected with the County's membership in the CFSA, the Fair Association's participation in the Program, any claims for workers' compensation benefits arising from services performed by or on behalf of the Fair Association (whether or not covered under the Program), and the Fair Association's acts and/or omissions arising from and/or relating to this Agreement.

10. Withdrawal From CFSA. If, subsequent to the effective date of this Agreement, the County's joining the CFSA as a member becomes no longer necessary under State law in order to permit the Fair Association to participate in the Program, then, upon the request of the Fair Association, the County shall withdraw as a member from the CFSA as soon as it is permitted to do so under the terms and conditions of the CFSA joint powers agreement. Once such withdrawal becomes effective, the Fair Association's obligations under Sections 3, 4 and 5 of this Agreement shall cease and terminate except with respect to all remaining financial claims and obligations, if any, of the County related to or arising from the County's membership in the CFSA or as a result of such withdrawal. Once the County is satisfied that all such financial claims and obligations have been extinguished or otherwise satisfied by the Fair Association, the County shall promptly return to the Fair Association the Letter of Credit referred to in Section 5 of this Agreement. The County shall be deemed to be so satisfied upon receipt of written confirmation from the CFSA that all such financial claims and obligations have been, as far as the CFSA is concerned, extinguished or otherwise satisfied by the Fair Association.

11. Audit. Upon a minimum of three (3) days' written notice the County may audit any records of the Fair Association relating to the CFSA, the Program, and the Fair Association's workers' compensation claims. The Fair Association shall maintain all such records in California until the expiration of four (4) years from the date of termination of the County's membership in the CFSA. Authorized agents of the County shall have access to all such records during normal business hours for the entire period that records are to be maintained.

12. Notices. Notices desired or required to be given under this Agreement shall be given in the same manner as provided for in section 14.05 of the Ground Lease, which by this reference is incorporated herein.

13. Waiver. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. Failure of either party to enforce at anytime or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

14. Negation of Partnership. Nothing in this Agreement shall be construed to render County in anyway or for any purpose a partner, joint venturer, or associate in any relationship with the Fair Association, nor shall this Agreement be construed to authorize either to act as agent for the other unless expressly provided in this Agreement.

15. Interpretation. Unless the context of this Agreement clearly requires otherwise: (i) plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting.

16. Headings and Titles. The marginal headings or titles to the paragraphs of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part herein.

17. Entire Agreement. This Agreement contains the entire Agreement of the parties and of matters covered hereby, and no other previous agreement, statement, or promise made by any party hereto which is not contained herein shall be binding or valid unless in writing and properly executed by both parties.

18. Savings Clause. If any provision or provisions of this Agreement are for any reason adjudged to be unenforceable or invalid, it is the specific intent of the parties that the remainder shall subsist, be, and remain in full force and effect.

19. Authority to Enter into Agreement. The individual executing this Agreement on behalf of the Fair Association attests, warrants, and represents to be duly authorized to execute this Agreement on behalf of the Fair Association.

20. Termination for Improper Consideration. The County may, by written notice to the Fair Association, immediately terminate this Agreement if it is found that consideration, in any form, was offered or given by the Fair Association, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing this Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Fair Association as it could pursue in the event of default by the Fair Association.

The Fair Association shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 554-6861.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment or tangible gifts.

21. County Lobbyist. Each County lobbyist, as defined in the Los Angeles County Code section 2.160.010, retained by the Fair Association shall be in full compliance with chapter 2.160 of the Los Angeles County Code. The Fair Association's signature on the Agreement is its certification that it is in full compliance with chapter 2.160. Failure on the part of any County lobbyist retained by the Fair Association to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which the County may immediately terminate or suspend this Agreement.

22. Consideration of Hiring GAIN/GROW Program Participants. Should the Fair Association require additional or replacement personnel after the effective date of this Agreement, the Fair Association shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Fair Association's minimum qualifications for the open position. For this purpose, consideration shall mean that the Fair Association will interview qualified candidates. The County will refer GAIN participants by job category to the Fair Association.

23. Notice to Employees Regarding the Federal Earned Income Credit. The Fair Association shall notify its employees, and shall require each subcontractor for this Agreement, if any, to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

24. Recycled-content Paper Products. Consistent with Board of Supervisors policy to reduce the amount of solid waste deposited at the County landfills, the Fair Association agrees to use recycled-content paper to the maximum extent possible under this Agreement.

25. Notice to Employees Regarding the Safely Surrendered Baby Law. Fair Association shall notify and provide to its employees, and shall require each subcontractor for this Agreement, if any, to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in

Exhibit "B" attached to this Agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

26. Acknowledgment of County's Commitment to the Safely Surrendered Baby Law. Fair Association acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. Fair Association understands that it is the County's policy to encourage all County contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. The Fair Association will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The County's Department of Children and Family Services will supply Fair Association with the poster to be used.

27. Delegation of Authority. County hereby delegates to its Chief Administrative Officer or his designee, the authority to administer this Agreement, provide any approvals required thereby, and execute any and all documents related thereto.

28. California Law. This Agreement has been made and entered into in the State of California, and shall be construed in accordance with the laws thereof.

29. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. It shall not be necessary for both parties to execute the same counterpart(s) of this Agreement for this Agreement to become effective.

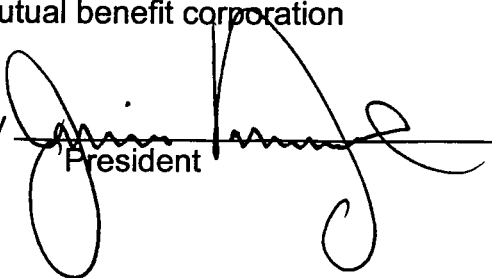
[illegible]

IN WITNESS WHEREOF, the County and the Fair Association have executed this Agreement to be effective as of the date determined pursuant to paragraph 1 above.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY FAIR  
ASSOCIATION, a California non-profit  
mutual benefit corporation

By \_\_\_\_\_  
Chair, Board of Supervisors


By  \_\_\_\_\_  
President

ATTEST:  
VIOLET VARONA-LUKENS  
Executive Officer-Clerk of the  
Board of Supervisors

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By  \_\_\_\_\_  
Deputy